

00 0000 24: 02

**OFFICIAL
FILE COPY**
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

* * * * *

* MADISON PARISH HOSPITAL SERVICE DISTRICT *
 * TALLULAH, LOUISIANA *
 * *
 * ENTERPRISE FUND *
 * *
 * FINANCIAL STATEMENTS *
 * *
 * FOR THE YEAR ENDED DECEMBER 31, 1998 *
 * * * * *

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-14-99

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
ENTERPRISE FUND
TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
I. FINANCIAL STATEMENTS		
Independent Auditor's Report		1
Financial Statements		
Balance Sheet as of December 31, 1998	A	2
Statement of Revenue and Expenses for the Year Ended December 31, 1998	B	3
Statement of Changes in Fund Balance for the Year Ended December 31, 1998	C	4
Statement of Cash Flows for the Year Ended December 31, 1998	D	5
Notes to the Financial Statements		6-8
II. OTHER FINANCIAL INFORMATION		
	<u>Schedule</u>	<u>Page</u>
Schedule of Selected Operating Revenues	1	10
Schedule of Selected Operating Expenses	2	11
Schedule of Per Patient Day Revenue and Expenses	3	12
III. INTERNAL CONTROL AND COMPLIANCE		
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		14-15

DAVID Q. RICHARDSON

CERTIFIED PUBLIC ACCOUNTANT

POST OFFICE BOX 891

TALLULAH, LA 71284

(318) 574-0514

INDEPENDENT AUDITOR'S REPORT

To The Board of Trustees
Madison Parish Hospital Service District
P. O. Box 1559
Tallulah, LA 71284

I have audited the accompanying financial statements of the Enterprise Fund of Madison Parish Hospital Service District, as of and for the year ended December 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the Service District management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the financial statements present only the Enterprise Fund of Madison Parish Hospital Service District and are not intended to present fairly the financial position of Madison Parish Hospital Service District, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds in conformity with generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Enterprise Fund of Madison Parish Hospital Service District, as of December 31, 1998, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 25, 1999, on my consideration of the Hospital's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the Enterprise Fund financial statements taken as a whole. The additional schedules of revenue and expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 1998 taken as a whole.

Tallulah, Louisiana
June 25, 1999



MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
BALANCE SHEET
ENTERPRISE FUND
AS OF DECEMBER 31, 1998

ASSETS

CURRENT ASSETS	
Cash	\$ 650,424.14
Accounts receivable	946,495.55
Due from health insurance programs	169,323.00
Inventories	92,778.06
Prepaid expenses	<u>56,564.03</u>
Total current assets	<u>\$1,915,584.78</u>
 PROPERTY, PLANT AND EQUIPMENT	
Building improvements	\$ 22,955.89
Equipment	<u>1,375,459.47</u>
Total	\$1,398,415.36
Less accumulated depreciation	<u>1,091,657.87</u>
Net property, plant and equipment	<u>\$ 306,757.49</u>
 OTHER ASSET - NURSING STUDENT LOANS	 <u>\$ 4,100.00</u>
 TOTAL ASSETS	 <u><u>\$2,226,442.27</u></u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES	
Accounts payable - trade	\$ 538,719.27
Accounts receivable - credit balance	87,472.58
Due to health insurance program	51,245.00
Accrued expenses:	
Accumulated unpaid vacation	84,082.59
Accrued wages	<u>63,280.94</u>
Total current liabilities	<u>\$ 824,800.38</u>
 FUND BALANCE	 <u>1,401,641.89</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$2,226,442.27</u></u>

The notes to financial statements are an integral part of these statements.

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
STATEMENTS OF REVENUES AND EXPENSES
ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 1998

PATIENT SERVICE REVENUE	\$9,693,735.26
ALLOWANCES AND UNCOLLECTIBLE DEBTS	<u>4,517,781.30</u>
NET PATIENT SERVICE REVENUE	\$5,175,953.96
OTHER OPERATING REVENUES	<u>24,210.76</u>
TOTAL OPERATING REVENUE	<u>\$5,200,164.72</u>
OPERATING EXPENSES	
Salaries, wages & employee benefits	\$2,985,972.93
Professional & contractual fees	1,335,420.43
Supplies and other expenses	1,284,722.48
Interest expense	7,380.85
Depreciation	<u>90,163.72</u>
Total operating expenses	<u>\$5,703,660.41</u>
INCOME (LOSS) FROM OPERATIONS	<u>(\$ 503,495.69)</u>
NON-OPERATING REVENUE	
Service district taxes & maintenance - transfers in	\$ 30,689.00
Interest	11,241.31
Rent	<u>790.06</u>
Total non-operating revenues	<u>\$ 42,720.37</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(\$ 460,775.32)</u>

The notes to financial statements are an integral part of these statements.

MADISON PARISH HOSPITAL SERVICE DISTRICT
 TALLULAH, LOUISIANA
 STATEMENTS OF CHANGES IN FUND BALANCE
 ENTERPRISE FUND
 FOR THE YEARS ENDED DECEMBER 31, 1998

FUND BALANCE - BEGINNING	\$
NET BOOK BALANCE OF ASSETS TRANSFERRED FROM MADISON HOSPITAL ASSOCIATION, INC. (NOTE 1)	1,862,417.21
NET INCOME (LOSS) FOR 1998 - EXHIBIT B	(<u>460,775.32</u>)
FUND BALANCE - ENDING	<u>\$1,401,641.89</u>

The notes to financial statements are an integral part of these statements.

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 1998

OPERATIONS:	
Net income (loss)	(\$460,775.32)
Adjustments needed to reconcile to net cash provided by operations:	
Depreciation	90,163.72
Decrease in accounts receivable	171,455.98
Decrease in amounts due from health insurance programs	81,462.00
Increase in inventories	(72,379.12)
Decrease in prepaid expenses	9,295.51
Increase in accounts payable	504,545.78
Increase in unpaid vacation	1,074.76
Increase in accrued wages	7,596.50
Decrease in accrued payroll taxes	(29,458.26)
Increase in amounts due to health insurance program	<u>51,245.00</u>
Net cash flow from operations	<u>\$354,226.55</u>
 INVESTING ACTIVITIES:	
Purchase of equipment	<u>(\$103,259.17)</u>
 FINANCING ACTIVITIES:	
Decrease in accounts receivable - nursing students	<u>\$ 950.00</u>
 INCREASE IN CASH	 \$251,917.38
 BEGINNING CASH	 <u>398,506.76</u>
 ENDING CASH	 <u>\$650,424.14</u>

The notes to financial statements are an integral part of these statements.

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Madison Parish Hospital Service District, Tallulah, Louisiana (the Service District) is a component unit of the Madison Parish Police jury. The component unit is an integral part of the reporting entity. The Service District receives sales taxes collected by the School Board and ad valorem taxes collected by the sheriff's department for the maintenance, operation and debt service of the hospital. It also operates the hospital within its enterprise fund. These financial statements and notes to the financial statements relate only to this enterprise fund.

Enterprise Fund

The Service District leased the hospital facility to the Madison Hospital Association, Inc. in 1972. The Association operated the hospital from 1972 through December 31, 1997, at which time it terminated their lease. The conditions of the lease required the Association to transfer all of its assets to the Service District upon termination of the lease. The details of the accounting entry to record these transferred assets is as follows:

	<u>Debit</u>	<u>Credit</u>
Cash	\$ 398,506.76	\$
Accounts receivable - net	1,121,157.23	
Due from health insurance program	250,785.00	
Inventories	20,398.94	
Prepaid expense	65,859.54	
Fixed assets - net	293,662.04	
Other assets	5,050.00	
Accounts payable		34,173.49
Accounts receivable - credit balance		90,678.28
Accumulated unpaid vacation		83,007.83
Accrued wages		55,684.44
Payroll taxes payable		29,458.26
Fund balance		<u>1,862,417.21</u>
Total	<u>\$2,155,419.51</u>	<u>\$2,155,419.51</u>

Summary of Significant Accounting Policies

The financial statements have been prepared in the accrual basis and in accordance with guidelines recommended by the committee on Health Care Institutions and Subcommittee on Health Care Matters of the American Institute of Certified Public Accountants. The accrual basis of accounting recognized revenue when earned rather than when received. Expenses are recognized when incurred rather than when paid.

Receivables are stated at the full value of all charges incurred by the patient. An allowance has been provided for the estimated uncollectible accounts and for third-party contractual adjustments at year end. Receivables are written off as the accounts are determined to be uncollectible.

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
ENTERPRISE FUND
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Inventories represent medical and dietary supplies on hand and are valued at the latest invoice price which approximates the lower of cost (first-in, first-out method) or market.

Prepaid expenses are amortized on a straight-line basis over the period of the respective item.

Patient service revenues are reported at established rates regardless of whether collection in full is expected. The differences between cost and charges to Medicare and Medicaid program beneficiaries, and the provision for uncollectible accounts are reported as "allowances and uncollectible accounts" in the statements of revenues and expenses.

NOTE 2 - ACCOUNTS RECEIVABLE

The gross accounts receivable from patients at December 31, 1998 and the related allowances were as follows:

Total patient receivables	<u>\$4,283,371.82</u>
Allowance:	
Contractual	\$2,098,126.68
Bad debt	<u>1,238,749.59</u>
Total allowance	<u>\$3,336,876.27</u>
Net accounts receivable	<u>\$ 946,495.55</u>

NOTE 3 - HEALTH INSURANCE REIMBURSEMENTS

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. In 1998, 90.69% of the Hospital's patient revenues were generated by services furnished to Medicare and Medicaid program beneficiaries.

Revenues derived from the Medicare and Medicaid programs are subject to audit and adjustments by the fiscal intermediary before settlement amounts become final.

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
ENTERPRISE FUND
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost, and depreciation is computed using the straight-line method. Estimated useful lives range from 20 years on building improvements, 5 to 15 years on moveable equipment and 3 years on automobiles. A summary of the accounts and the related accumulated depreciation follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
As of December 31, 1998			
Building improvements	\$ 22,955.89	\$ 21,745.36	\$ 1,210.53
Equipment	<u>1,375,459.47</u>	<u>1,069,912.51</u>	<u>305,546.96</u>
Total	<u>\$1,398,415.36</u>	<u>\$1,091,657.87</u>	<u>\$306,757.49</u>

NOTE 5 - NOTES PAYABLE

As of December 31, 1998, the Enterprise fund of the Service District did not have any outstanding notes payable.

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and on deposit and highly liquid debt instruments with maturities generally of all three months or less.

NOTE 7 - CONTINGENT LIABILITIES

A) Litigation

The Service District is a party to three lawsuits. These consist of a workers' compensation claim, a personal injury claim and a suit relative to a pharmacy contract. The Service District has appropriate insurance coverage against the claims asserted in the workers' compensation claim and the personal injury claim and therefore believes that even in an unfavorable outcome, it would not be exposed to a liability. However, the suit relative to the pharmacy contract is for an amount in excess of \$1,000,000.00 and at this time the outcome cannot be predicted by the Service District's legal council. No liability for an unfavorable outcome in this lawsuit has been recorded and therefore it could be detrimental if the Service District loses this case.

B) Contractual Adjustments

The hospital derived 90.69% of its 1998 income for services to patients in the Medicare and Medicaid program. The hospital files cost reports to these programs for each year and these cost reports are subject to audit and adjustment by the fiscal intermedia before settlement amounts become final.

OTHER FINANCIAL INFORMATION

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
SCHEDULE OF SELECTED OPERATING REVENUES AND ALLOWANCE
ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 1998

PATIENT SERVICE REVENUE

Nursing service	\$ 784,784.00
Geropsychiatric unit	1,540,600.00
Pharmacy	1,608,313.73
Radiology	691,867.29
Laboratory	1,484,217.15
Medical supplies	302,150.06
Inhalation therapy	1,417,259.33
Inhalation therapy - physicians fee	730.00
Electrocardiology	499,820.95
Electrocardiology - physicians fee	29,250.00
Electroencephalography	13,560.00
Emergency room	797,848.75
Emergency physicians	<u>523,334.00</u>
Total	<u>\$9,693,735.26</u>

ALLOWANCES AND UNCOLLECTIBLE ACCOUNTS

Provision for bad debts	\$1,358,120.78
Medicare contractual allowances	1,596,863.70
Medicaid contractual allowances	1,415,865.94
Physician and courtesy discounts	<u>146,930.88</u>
Total	<u>\$4,517,781.30</u>

OTHER OPERATING REVENUES

Vending machine income	\$ 400.29
Guest meals	19,747.97
Medical record transcript fees	2,098.50
Other	<u>1,964.00</u>
Total	<u>\$ 24,210.76</u>

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
ENTERPRISE FUND
SCHEDULE OF SELECTED OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1998

	<u>Salaries & Benefits</u>	<u>Supplies & Other</u>
NURSING AND PROFESSIONAL SERVICES		
Nursing service	\$1,093,606.00	\$ 10,955.87
Radiology	93,917.59	21,849.64
Laboratory	236,015.04	128,916.30
Medical supplies	11,374.83	106,116.16
Inhalation therapy	105,416.92	55,301.93
Electrocardiology	34,007.72	40,337.86
Emergency room		2,609.20
Medical records	76,329.49	23,370.89
Pharmacy	36,915.59	289,338.43
Quality assurance	6,205.41	363.46
Geropsychiatric unit - In patient	328,409.21	3,084.07
Geropsychiatric unit - Out patient	<u>79,108.82</u>	<u>28,351.11</u>
Total	<u>\$2,101,306.62</u>	<u>\$ 710,594.92</u>
 GENERAL AND FISCAL SERVICES		
Administration	\$ 299,307.65	\$ 278,712.08
Dietary	77,259.41	90,911.07
Housekeeping	73,968.99	20,631.09
Laundry	6,911.33	31,409.05
Operation and maintenance	77,548.62	151,819.49
Security	22,659.10	644.78
Employee benefits	<u>327,011.21</u>	
Total	<u>\$ 884,666.31</u>	<u>\$ 574,127.56</u>
 GRAND TOTAL	 <u>\$2,985,972.93</u>	 <u>\$1,284,722.48</u>
 PROFESSIONAL AND CONTRACTUAL FEES		
Emergency room	\$ 651,998.92	
Pharmacy	10,875.00	
Radiology	72,169.15	
Laboratory	32,965.21	
Electrocardiology	19,610.00	
Inhalation therapy	20,011.72	
Geropsychiatric unit - In patient	450,290.43	
Geropsychiatric unit - Out patient	<u>77,500.00</u>	
Total	<u>\$1,335,420.43</u>	

MADISON PARISH HOSPITAL SERVICE DISTRICT
TALLULAH, LOUISIANA
ENTERPRISE FUND
SCHEDULE OF PER PATIENT DAY REVENUE AND EXPENSE
FOR THE YEARS ENDED DECEMBER 31, 1998

Gross patient service revenue	\$1,955.66
Deductions from patient service revenue	<u>929.00</u>
Net patient service revenue	\$1,026.66
Other operating revenue	<u>5.81</u>
Total operating revenue	\$1,032.47
Operating expenses	<u>1,136.22</u>
Profit (loss) from operations	(<u>\$ 103.75</u>)
Total adult patient days	<u>4,169</u>
Percent of occupancy (memo below)	<u>31.64%</u>
Total Medicare days	2,704
Total Medicaid days	<u>962</u>
Total	<u>3,666</u>
Percent of Medicare and Medicaid days to total days	<u>87.93%</u>

Memo:

(A) Maximum days available (based on 36 beds)	<u>13,176</u>
(B) Income and expenses of the Geropsychiatric Unit have been removed for the above calculations.	

INTERNAL CONTROL AND COMPLIANCE

DAVID Q. RICHARDSON

CERTIFIED PUBLIC ACCOUNTANT

POST OFFICE BOX 891

TALLULAH, LA 71284

(318) 574-0514

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To The Board of Trustees
Madison Parish Hospital Service District
P. O. Box 1559
Tallulah, LA 71284

I have audited the Enterprise Fund of Madison Parish Hospital Service District as of and for the year ended December 31, 1998, and have issued my report thereon dated June 25, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether The Enterprise Fund of Madison Parish Hospital Service District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered The District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the Enterprise Fund financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the management of Madison Parish Hospital Service District and the Legislative Auditor's office. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Tallulah, Louisiana
June 25, 1999

A handwritten signature in cursive script, appearing to read "David R. Ruder".